

DHHL to help with down payments

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Unable to keep pace with the soaring demand for housing, the state agency that manages a homesteading program for Native Hawaiians is taking a radical step in a new direction.

It plans to start offering financial help to eligible Hawaiians seeking to buy Oahu housing, but the homes would be off of homesteading land.

Under a pilot program approved Monday, the Department of Hawaiian Home Lands will use \$1.5 million to provide a limited number of Hawaiians on an Oahu wait-list with down payment assistance to purchase fee-simple homes — you own the land — that are not within established homesteading communities on the island.

Those getting the help would then be removed from the wait-list, which now numbers 11,000 on

Oahu. If the pilot program proves successful, DHHL intends to expand it.

Monday's action marks a major shift in the way the program has operated for most of its 100-year history and is the first time DHHL is investing in housing not within the 203,000-acre land trust Congress authorized a century ago to save a then-dying race. It also comes after a Honolulu Star-Advertiser and ProPublica investigation showed the department's approach of developing expensive single-family homes in large subdivisions is leaving thousands of low-income Hawaiians behind and is eating away at the trust's severe land shortage on Oahu.

"I think this is an excellent idea," state Sen. Maile Shimabukuro, who heads the Senate Committee on Hawaiian Affairs, said Monday in an interview.

This will be only the second time in the program's



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Jobie Masagatani

State Department of Hawaiian Home Lands

history in which trust beneficiaries — those at least half Hawaiian — have been able to buy housing off of homestead lands with state assistance. In 1965 the state allowed \$10,000 loans from its retirement system for beneficiaries to purchase homes on or off trust land. That law no longer is on the books.

The pilot program is intended to provide an additional way to tackle the intractable problem of addressing a growing residential wait-list on Oahu, the island with the greatest demand but where the trust has the least amount of land.

Until now the main way for applicants to get off the

list was to wait, sometimes decades, for their names to be called and then be awarded 99-year leases for land on which they would build or buy a home.

But DHHL's pace of developing homestead lots has failed to keep pace with demand, partly because of chronic funding shortfalls for construction. The agency also has focused since the mid-1990s on developing subdivisions with developer-built houses too expensive for many wait-listers.

The pilot program is intended to help wait-listers who financially are almost ready to purchase homes but need help with the down payment. The details of the

program still have to be hashed out, but the department says the wait-lister would have to put money into the transaction.

Proponents of the proposal said the money could help more wait-listers than the same amount devoted to developing homestead lots because the cost of installing infrastructure is so high.

According to the basic framework of the program, the trust would be repaid its down payment contribution if the home eventually is sold. The department also would have the right to purchase the home, and that property would be added to DHHL's inventory of available homesteading lands.

"It would allow us to grow the trust over time one parcel at a time," Jobie Masagatani, a DHHL executive, said at a November meeting of the Hawaiian Homes Commission, which oversees the department.

But just like with the turn-

key subdivision strategy, the down payment one will help wait-listers who largely have the means — or fall just short — to purchase homes.

Those who don't — low-income and homeless wait-listers — would continue to be left behind. The department, however, says lower-income wait-listers still would have access to more affordable options, such as vacant lots on which they can build homes suited to their budgets.

Owning a home fee-simple would provide beneficiaries more flexibility, allowing them to pass on their homes to their children or others who don't have the required blood requirements under the homesteading program.

The pilot program initially is not expected to help large numbers because the cost of housing on Oahu is among the most expensive in the country. The median price for a previously owned single-family home in November was \$872,500.